



COUNCIL MINUTES

February 25, 2010

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 25, 2010 at 7:33 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Dennis Kavanaugh
Kyle Jones
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Councilmember Somers from the beginning of the meeting.

(Councilmember Somers arrived at the meeting at 9:07 a.m.)

1. Review items on the agenda for the March 1, 2010 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest: None

Items removed from the consent agenda: 4c, 4d

2. Hear a presentation and discuss FY 2009/10 and FY 2010/11 budget update and financial forecast.

City Manager Christopher Brady stated that since FY 2006/07, the City of Mesa has adjusted to "the new economy" through innovation, consolidation of City departments, and development of new service delivery models. He explained that even with an estimated \$90 million in reductions and the elimination of 557 positions, the City has continued to provide a variety of services to the community.

Budget Director Chuck Odom displayed a PowerPoint presentation (**See Attachment 1**) and reported that the City's FY 2009/10 budgeted resources in the General Fund total \$408.6 million, of which there is a fund balance of \$58.4 million appropriated for contingency.

Responding to questions posed by Councilmember Finter, Mr. Brady clarified that the Council established a policy to maintain an 8% to 10% fund balance in the General Fund. He explained that the “one-time dollars” could be used to pay costs associated, for instance, with a significant natural disaster, but not to cover a decrease in revenues associated with economic downturns that last for a period of time.

Mr. Odom indicated that any recommendations made by staff take into account the Council's policy to maintain an 8% to 10% fund balance.

Mr. Odom continued with the presentation and highlighted the General Governmental Operations and Capital portion of the FY 2009/10 budget. (See Page 8 of Attachment 1) He stated that Public Safety costs (Police, Fire and City Court) equate to 69% (\$229.4 million) of the \$408.6 million General Fund revenue.

Discussion ensued relative to an analysis of budgeted versus revised FY 2009/10 General Fund Revenue (See Page 9 of Attachment 1), which includes a \$16.4 million decline in revenue; that staff is assessing the impact of such decline on the FY 2010/11 budget; an overview of General Fund revenue in FY 2009/10 as compared to FY 2010/11 (See Page 10 of Attachment 1); that for FY 2010/11, staff anticipates a \$19.6 million shortfall in General Fund revenue; that the proposed \$1.6 million in operational costs for Fire Station 220 are not included within these calculations; and significant pressures that would impact the General Fund in FY 2010/11 and FY 2011/12. (See Page 12 of Attachment 1)

Deputy City Manager Bryan Raines noted that today's presentation represents staff's efforts to balance the City's budget and do not reflect any adjustments that might occur as a result of actions taken by the State Legislature.

Mr. Odom highlighted issues under consideration for addressing the anticipated General Fund shortfall. (See Pages 13 and 14) He reported that all City departments were asked to provide planning scenarios up to 10% of their FY 2010/11 budget, but said that did not necessarily mean the full amount would be taken from each department.

Further discussion ensued relative to the analysis conducted by Fleet Services regarding vehicle purchases/maintenance and tracking the usage of underutilized vehicles that could be shifted throughout the organization; and the possibility of the City conducting a Fall 2010 election to maintain Home Rule coverage, which is set to expire prior to FY 2012/13.

Mr. Odom reviewed a timeline relative to the completion of the budget cycle. (See Page 17 of Attachment 1) He also provided the Council copies of a document titled “Charter Five-Year Capital Improvement Program for Fiscal Years 2010-2015.”

Mayor Smith thanked staff for the presentation.

3. Hear a presentation, discuss and provide direction on the Streets Program Capital Improvement Projects.

Transportation Department Director Dan Cleavenger introduced Deputy Transportation Director/Traffic Engineer Alan Sanderson, who was prepared to respond to any questions the Council may have.

Mr. Cleavenger reported that during staff's efforts to compile a list of Streets Program Capital Improvement (CIP) projects for a possible November 2010 Bond Election, it was determined that the City could experience considerable cost savings as a result of competitive bids, declining property values and less expensive materials. He stated that staff identified a series of projects for which such savings could be utilized, thereby extending the 2008 Bond package by an additional two years.

Mr. Cleavenger displayed a PowerPoint presentation (**See Attachment 2**) and provided a brief statistical analysis regarding the number of vehicles that travel on Mesa streets per day, the number of vehicle crashes per year, street maintenance, and the typical pavement treatment cycle. (See Pages 1 through 3 of Attachment 2)

Mr. Cleavenger reported that the 2025 Mesa Transportation Plan (MTP), which was adopted by the Council in 2002, identified the City's street needs for build-out in 2025. He noted that the proposed improvements were included as part of the Regional Transportation Plan (RTP). Mr. Cleavenger said that it was the determination of staff that the document should be updated in order to respond to the transportation priorities of the current Council. He briefly highlighted various components of the RTP, local Mesa Transportation funding and examples of RTP projects in Mesa. (See Pages 4 and 5 of Attachment 2)

Discussion ensued relative to the fact that in the November 2008 General Obligation (G.O.) Bond Election, Mesa voters approved funding in the amount of \$110,915,060 for various street projects (See Pages 6 and 7 of Attachment 2); that staff anticipated \$76 million in expenditures to complete such projects, resulting in approximately \$34.8 million in available funds; and that staff proposed that the Dobson and University intersection project, which was originally identified as a \$6.5 million street widening project, would now consist of intersection improvements (i.e., reconstruction of pavement, bus pullouts/shelters), at a cost of \$2.8 million, resulting in a net savings of \$3.7 million.

Councilmember Richins expressed appreciation to staff for their efforts and hard work to complete the above-referenced street projects in a timely manner and significantly under budget.

Councilmember Kavanaugh commented that staff's revised proposal relative to the Dobson and University intersection would provide significant savings and improved traffic flow. He also stated that because it was a heavily used transit route, he hoped that enhanced bus shelters (i.e., public art or large shelters) could be constructed in the area to accommodate the riders.

Mr. Cleavenger further remarked that staff identified three categories of street projects (Economic Development, Safety, and Redevelopment) that would extend the 2008 Bond package. He highlighted the various projects and his comments included, but were not limited to, the following:

- Economic Development – Fiesta District Streetscape (\$10 million)

The project would emphasize Southern Avenue, but also include Alma School, Longmore and Dobson. Possible elements include narrowing Southern Avenue to create a shopper and pedestrian-friendly environment, branding signage, street furniture, raised landscape median and themed streetlights. Southern Avenue would be reconstructed between

Southern and Dobson. Staff would determine the feasibility of using these monies to help leverage \$1 million in grant funding available for the paseo portion of the Fiesta District Project. (Note: The grant requires a contribution by the City in the amount of \$400,000).

Mayor Smith commented that he looked forward to viewing the specific proposals for the Fiesta District Streetscape project, which might include using some of the space that is currently used as a third lane of traffic on Southern Avenue. He noted that the primary objective is to create a unique and pedestrian friendly design for the area.

- Safety – Intersection improvements at Southern Avenue and Stapley Drive; Southern Avenue and Country Club Drive (\$5.1 million). Replacement of 500 rusted streetlight poles (\$1.7 million).

Based on crash history (left turns and rear end collisions) and operations (traffic volumes, congestion and driver delay), staff identified six high-priority street projects. (See Pages 10 and 11 of Attachment 2) Southern/Stapley and Southern/Country Club were ranked as the two highest priorities.

Councilmember Richins stated that due to the antiquated street grid in certain areas of northwest Mesa, he inquired whether funding was available for new streetlights and traffic calming devices in some of those older neighborhoods.

Mr. Brady responded that if the Council would like to consider funding for new street poles, staff would research the matter. He clarified that staff focused their efforts primarily on safety issues, including the replacement of 500 rusted streetlight poles.

Mayor Smith suggested that if the Council discusses funding for new street poles, it might be appropriate to address transitioning to LED lighting in such equipment.

Further discussion ensued relative to staff's efforts to leverage Mesa's regional share of Prop 400 sales tax monies in order to complete the construction of intersection projects; and the ability to increase additional traffic capacity at City intersections.

- Redevelopment of infill projects on corners/intersections and scalloped streets (\$6 million).

Mr. Sanderson reported that an example of the above-referenced projects would be a gas station located on a street corner that has closed and a developer interested in opening a new business on that site. (See Page 12 of Attachment 2) He explained that under the current City Code, the developer would be responsible for part or all of the improvement costs to complete the intersection, which could make the project unfeasible. Mr. Sanderson noted that staff proposes to set aside funds to be used for the purpose of building certain public facilities (street improvements/bus shelters), which would assist developers in the redevelopment of infill projects. He added that such a proposal would require changes to the City Code.

Mr. Sanderson further highlighted other redevelopment scenarios, including a building located between two undeveloped parcels, wherein a developer would be required to complete road improvements across such parcels (See Page 12 of Attachment 2); and an undeveloped parcel with improvements completed on both sides (scalloped streets). (See Page 13 of Attachment 2)

Mr. Cleavenger concluded his presentation by noting that the cost of the proposed street projects would total \$22.8 million, resulting in approximately \$12 million in remaining bond authorization. He added that in anticipation of such projects moving forward, staff has delayed asphalt maintenance in certain areas of the community.

Mayor Smith thanked staff for identifying a number of worthy projects and added that just because Mesa has additional savings in bond authorization does not mean that the City should be "in a rush" to spend it.

Councilmember Finter inquired regarding the possibility of the City using the \$34 million in bond authorization to retire existing G.O. bond debt instead of funding capital projects. He suggested that such efforts could potentially result in additional savings for the City to fund operating costs at one of its future fire stations.

Mr. Brady responded that the bond authorization is simply that and not actual dollars. He explained that in the 2008 General Obligation Bond Election, Mesa voters authorized the City to sell bonds for various Streets Program capital improvement projects, and added that such funds are not available to draw down on any existing G.O. bond debt.

Additional discussion ensued relative to the fact that staff would make a future presentation regarding what impact, if any, the savings the City has experienced with regard to completing various street projects would have on Mesa taxpayers' secondary property tax assessed valuation to repay G.O. bond debt; and that it would cost approximately \$2 million to perform streetlight enhancements in older areas of the community.

Mayor Smith stated that there was Council consensus with regard to the following items: 1.) That staff proceed with the engineering and design phase for the intersection safety improvement projects and bring back updated information regarding any cost savings associated with such projects; 2.) That staff move forward with an alternative conceptual design for the Fiesta District Streetscape project and report back to the Council relative to those efforts; 3.) That staff be directed to replace 500 rusted streetlight poles; and 4.) That staff identify/prioritize opportunities for infill redevelopment/scalloped streets and bring back additional information to the Council in this regard. He added that when these issues are brought back to the Council, it would also be appropriate to address Councilmember Finter's inquiries.

Councilmember Higgins stated that with regard to potential infill redevelopment projects, she requested that staff consider issues that affect public safety (i.e., there are currently no sidewalks in front of Skyline High School).

Mayor Smith thanked staff for the presentation.

4. Hear reports on meetings and/or conferences attended.

Councilmember Somers:
Mayor Smith:

Arizona Town Hall Community Outreach Program
Chandler Channel 11 Interview with Chandler
Mayor Boyd Dunn; Gilbert Town Mayor John Lewis'
"State of the Town" Address

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, February 25, 2010, 5:30 p.m. – “Play Ball: The Cactus League Experience” VIP Reception

Saturday, February 27, 2010, 7:00 a.m. – Mesa 2010 Top 2 Bottom Event

Saturday, February 27, 2010, 10:00 a.m. – MACFest

Monday, March 1, 2010, TBA – Study Session

Monday, March 1, 2010, 5:45 p.m. – Regular Council Meeting

Thursday, March 4, 2010, 12:00 p.m. – Chicago Cubs Spring Training Opening Day

6. Items from citizens present.

There were no items from citizens present.

7. Convene an executive session.

It was moved by Vice Mayor Jones, seconded by Councilmember Somers, that the Council adjourn the Study Session at 9:40 a.m. and enter into Executive Session.

Carried unanimously.

- a. Discussion or consideration for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consultation with the City Attorney in order to consider the City’s position and instruct the City Attorney regarding the City’s position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. A.R.S. §38-431.03A (4))

1. Meet and Confer election

- b. Discussion or consideration of employment, assignment, appointment, promotion, demotion, salaries, discipline, dismissal, or resignation of a public officer, appointee or employee of the city. (A.R.S. §38-431.03A (1))

1. Police Chief

8. Adjournment.

Without objection, the Executive Session adjourned at 10:58 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 25th day of February, 2010. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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(attachments – 2)